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**STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF MORTGAGE LENDING**

In re:

Option Funding, Inc.,  
Respondent.

**ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE  
FINE AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapter 645B of the Nevada Revised Statutes ("NRS") and Chapter 645B of the Nevada Administrative Code ("NAC"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending ("the Division") has the general duty to exercise supervision and control over mortgage brokers and mortgage agents, as well as mortgage broker and mortgage agent activity. See, NRS 645B.060(1), NRS 645B.670 and NRS 645B.690. Pursuant to that authority, the Division makes Factual Allegations, Violations of Law, and Order, as follows:

**FACTUAL ALLEGATIONS**

1. Based upon information and belief, Respondent, Option Funding, Inc. ("Respondent") is a corporation organized and existing under the laws of the State of Nevada since on or about March 17, 2004. Presently, Respondent's status with the Nevada Secretary of State is "active."

2. Based upon information and belief, on approximately March 29, 2004, Respondent was registered with, and issued a mortgage broker license (No. 1077) by, the Financial Institutions Division, Department of Business and Industry, State of Nevada ("FID") pursuant

1 to Chapter 645B of NRS.

2 3. On approximately July 1, 2004, the Division commenced licensing and supervising  
3 mortgage brokers and mortgage agents pursuant to Chapter 645B of NRS.

4 4. Based upon information and belief, from approximately March 29, 2004, to date,  
5 Respondent has been conducting mortgage lending activity in the State of Nevada as a  
6 licensed mortgage broker from its corporate office located at 7464 W. Sahara Avenue, Las  
7 Vegas, Nevada 89117.

8 5. Presently, the Division classifies Respondent's status as "active."

9 6. Pursuant to NRS 645B.060, the Division is charged with conducting "...an annual  
10 examination of each mortgage broker doing business in this State...." See, NRS  
11 645B.060(2)(d).  
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13 7. Pursuant to NRS 645B.060, the Division conducted a regularly scheduled  
14 examination of Respondent's books and records which commenced on April 20, 2009. The  
15 examination revealed that, at relevant times herein mentioned, Respondent originated 11  
16 mortgage loans from its corporate office located at 1329 E. Thousand Oaks Boulevard, Suite  
17 200, Thousand Oaks, California 91360 ("Respondent's California Office").  
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19 8. Respondent's California Office has never been licensed by the Division pursuant to  
20 Chapter 645B of NRS as a branch office.

21 9. Pursuant to NRS 645B.900, "(i)t is unlawful for any person to offer or provide any of  
22 the services of a mortgage broker or...otherwise to engage in, carry on or hold himself out as  
23 engaging in or carrying on the business of a mortgage broker...without first obtaining the  
24 applicable license issued pursuant to this chapter, unless the person...(i)s exempt from the  
25 provisions of this chapter...and (c)omplies with the requirements for that exemption."  
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27 10. Pursuant to NRS 645B.670, "(f)or each violation committed by a mortgage broker,  
28 the Commissioner may impose upon the mortgage broker an administrative fine of not more

1 than \$10,000, may suspend, revoke or place conditions upon his license, or may do both, if  
2 the mortgage broker, whether or not acting as such...(i)s grossly negligent or incompetent in  
3 performing any act for which he is required to be licensed pursuant to the provisions of this  
4 chapter...(d)oes not conduct his business in accordance with law or has violated any  
5 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the  
6 Commissioner...(h)as made a material misrepresentation in connection with any transaction  
7 governed by this chapter....” See, NRS 645B.670(2)(b), (c), (e).

8  
9 11. Pursuant to NAC 645B.340, “(i)f a person engages in an activity in violation of the  
10 provisions of this chapter or chapter 645B of NRS, the Commissioner may issue an order to the  
11 person directing the person to cease and desist from engaging in the activity....” See, NAC  
12 645B.340(1).

### 13 **VIOLATIONS OF LAW**

14 After investigating this matter, it has been determined that by originating 11 mortgage  
15 loans in the State of Nevada from Respondent's California Office, Respondent conducted  
16 unlicensed mortgage broker activity, was grossly negligent or incompetent, failed to conduct  
17 its business in accordance with law, violated provisions of Chapter 645B of NRS and made  
18 material misrepresentations, in violation of NRS 645B.670(2)(b), (c), (e) and NRS 645B.900.

### 19 **ORDER**

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21 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,**  
22 pursuant to NRS 622.080 and NAC 645B.340, after having determined that Respondent  
23 offered or provided services of a mortgage broker in the State of Nevada from Respondent's  
24 California Office for which it had not received a license or a certificate of exemption, in  
25 violation of Chapter 645B of NRS, that:

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27 **RESPONDENT IMMEDIATELY CEASE AND DESIST** from offering or providing any of  
28 the services of a mortgage broker, or otherwise engaging in, carrying on or holding itself out

1 as engaging in or carrying on the business of a mortgage broker in the State of Nevada from  
2 an office for which it has not received a license or a certificate of exemption from the Division.

3 **IT IS FURTHER ORDERED**, pursuant to NAC 645B.340(4), that upon filing a verified  
4 petition with the Division within **thirty (30) days** of receipt of this Order to Cease and Desist,  
5 Respondent shall be entitled to a hearing with regard to the contents of this Order to Cease  
6 and Desist. Respondent is advised, however, that the provisions of this Order to Cease and  
7 Desist are effective immediately upon Respondent being served therewith, whether or not  
8 Respondent requests a hearing.

9 **NOTICE TO RESPONDENT:** If you request a hearing, you are specifically informed  
10 that you have the right to appear and be heard in your defense, either personally or through  
11 your counsel of choice at your own expense. At the hearing, if one is timely requested, the  
12 Division will call witnesses and present evidence against you. You have the right to respond  
13 and to present relevant evidence and argument on all issues involved. You have the right to  
14 call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any  
15 matter relevant to the issues involved.

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17 If the Division prevails at any hearing, it may request that attorney's fees and costs be  
18 awarded pursuant to NRS 622.400.

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20 **IT IS FURTHER ORDERED**, pursuant to NRS 645B.750, that upon written application  
21 to the Division within **twenty (20) days** of the date of this Order, Respondent shall be entitled  
22 to a hearing with regards to the contents of this Order referenced below. At that hearing the  
23 Division will seek to:

24 1. Impose an administrative fine against Respondent in the amount of Five Thousand  
25 Dollars and No Cents (\$5,000.00), payable to the Division on account of Respondent's  
26 multiple violations of Chapter 645B of NRS, the Division's investigative costs in the amount of  
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1 One Hundred Eighty Dollars and No Cents (\$180.00) as well as the Division's attorney's fees,  
2 if any, incurred herein, each to be proven at the hearing; and

3 2. Require Respondent's payment, in full, to the Division of the administrative fine  
4 against Respondent, investigative costs as well as the Division's attorney's fees, if any, by  
5 Respondent within thirty (30) days of entry of the Final Order.

6 Should Respondent not request a hearing within twenty (20) days of the date of this  
7 Order, the Division will enter a Final Order in this matter against Respondent, as required by  
8 NRS 645B.750(2).

9 Dated this 16<sup>th</sup> day of September, 2009.  
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12 State of Nevada  
13 Department of Business and Industry  
14 Division of Mortgage Lending

15 By: Joseph L. Waltuch  
16 Joseph L. Waltuch, Commissioner  
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